



tactran

Tayside and Central Scotland
Transport Partnership

**TAYSIDE AND CENTRAL SCOTLAND
TRANSPORT PARTNERSHIP**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015**

UNAUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
ANNUAL ACCOUNTS 2014/15

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TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MANAGEMENT COMMENTARY

1. STRATEGIC CONTEXT AND OBJECTIVES

Tayside & Central Scotland Transport Partnership (Tactran) is the statutory Regional Transport Partnership covering Angus, Dundee City, Perth & Kinross and Stirling Councils. Established under the Transport (Scotland) Act 2005 Tactran's main purpose is to prepare and coordinate the delivery of a statutory Regional Transport Strategy for the region and to oversee and contribute to effective strategic transport planning and delivery at a regional level.

The Regional Transport Strategy 2008 - 2023 (RTS) was approved by Scottish Ministers in June 2008 and sets out a Vision and Objectives for ensuring that transport infrastructure and networks meet the mobility and accessibility needs of people and businesses throughout the region over a 10 – 15 year period. Implementation of the Strategy is guided by a separate RTS Delivery Plan, which identifies key interventions that are required nationally, regionally and locally to support effective implementation of the Strategy.

Regional Transport Partnerships (RTPs) are statutory Community Planning Agencies. Tactran is committed to playing a full and constructive role in actively supporting Community Planning and the achievement of national and local outcomes by aligning the RTS and its delivery priorities with the four Single Outcome Agreements (SOAs) covering its constituent Council areas. The Partnership is a formal signatory to the updated multi-agency SOAs which were developed and agreed in summer 2013.

RTPs are also statutory Key Agencies in the Development Planning process. Tactran works closely with the 7 relevant Strategic and Local Development Planning Authorities within the region to ensure alignment of strategic transportation and land use policy, plans and delivery.

RTPs are identified as key players in supporting achievement of national carbon reduction and other environmental objectives under the Climate Change (Scotland) Act 2009 (CCA). A key element and focus of the RTS is to inform, support and enable partner Councils, CPPs, other public sector agencies, businesses and communities to contribute to CCA and wider health and wellbeing objectives and targets, through more sustainable approaches to transport and mobility.

Review of 2014/15 Developments and Achievements

The RTS and an associated RTS Delivery Plan set out the key priorities, proposals and interventions required to support successful implementation and realisation of the Strategy's Vision and Objectives.

Each year the Partnership approves an annual RTS Revenue Programme and Tactran Capital Programme, which set out the Partnership's key RTS delivery priorities for the financial year concerned.

During 2014/15 the RTS Revenue Programme, amounting to £205,862, supported a wide range of regional, local and national priorities:-

- Ongoing development, monitoring and refresh of the RTS - £11,545
- Support for national Give Me Cycle Space campaign in schools - £9,000
- Support to Angus CPP for feasibility work - £2,000
- Maintenance, development and updating of tactranconnect regional multi-modal travel information portal - £23,378
- Appointment of an Active Travel Officer as part of a new partnership with Sustrans to promote and increase Active Travel behaviour and infrastructure - £34,992
- Contribution towards cycle monitoring equipment for Councils, Callander cycle hub feasibility study and ongoing support and promotion of regional Travel Planning and Liftshare schemes with public and private sector organisations and support through Sustainable Travel Grant Scheme funding - £42,354
- Contribution to the Ring of Breadalbane Explorer bus service with a continuing funding commitment in 2015/16 - £3,250
- Contribution to a DRT pilot service in west Kinrossshire/Clackmannanshire with a continuing funding commitment in 2015/16 - £5,000

- Contribution to a significant improvement in bus services between Dundee – Forfar – Brechin – Stracathro Hospital – Edzell with a continuing funding commitment in 2015/16 - £25,000
- Maintenance of the Thistle Card assistance card for disabled bus users - £3,218
- Continued development of locally relevant Health and Transport Action Plans through Community Planning Partnerships to support implementation of the Regional Health & Transport Framework - £20,000
- Consultation and development of the Tay Estuary Rail Strategy (TERS) with new rail franchise bidders/operators to build on earlier introduction of enhanced rail services between Dundee/Perth – Glasgow and at Broughty Ferry, Gleneagles, Invergowrie, Carnoustie and Monifieth; Gleneagles Station enhancements; investigating the business case for the potential relocation of Invergowrie Station; investigating the feasibility of relocating Bridge of Allan station; contributing to a joint study with SEStran, Perth & Kinross and Fife Councils into the potential for new/re-opened stations at Oudenarde and Newburgh - £10,505
- Contribution to the 2014 Safe Drive/Stay Alive road safety education programme for young drivers in Angus, Dundee, Perth & Kinross and Stirling - £12,000
- Continued participation in the Last Mile Logistics (LaMiLo) EU project and related investigation of more sustainable freight distribution practices in urban areas - £2,955.

Working with partner Councils and other stakeholders the 2014/15 Tactran Capital Programme, amounting to £1.298 million, supported the implementation of and contribution towards a number of priority RTS projects. Capital projects and contributions which were completed or progressed during 2014/15 included:-

- Completion of the upgrading of Gleneagles Station road access, parking and station facilities - £150,000
- Ongoing redevelopment and enhancement of Dundee Station as part of the wider Dundee Waterfront redevelopment - £150,000
- Continued joint work with Dundee City Council and Transport Scotland to install intelligent driver information systems to increase the efficiency of traffic movement on the strategic road network in and around Dundee and improve air quality in the area - £100,000
- Extension of low carbon vehicle infrastructure and associated Car Club development within Dundee City - £100,000
- Development of the Dundee Green Circular active travel network - £200,000
- Seabraes – Riverside walk/cycle footbridge link in Dundee - £40,000
- Completion of Quality Bus Corridor improvements between Perth – Blairgowrie – Dundee - £9,000
- Development of proposed Park & Ride facility at A90 east of Perth - £157,000
- Progressing design feasibility work on the A9/A94 link road and associated key trunk road junction improvements in Perth - £292,000.

In addition to the above projects, the new Active Travel partnership entered into with Sustrans during 2014/15 has secured a capital allocation of £100,000/annum from the national Community Links programme to support the development and provision of Active Travel infrastructure across the region during 2014/15 and 2015/16. This funding is available to match-fund up to 50% of the cost of projects by bidding to the Partnership's Active Travel Scheme. During 2014/15 the Active Travel Grant scheme supported:-

- Improvement to Dundee – Newtyle foot/cycle path in Angus - £7,500
- Montrose active travel signage and NCN1 realignment in Angus - £9,050
- Coupar Angus Road shared footpath/cycleway in Dundee and Angus - £15,935
- Lochee Link foot/cycle path in Dundee - £13,640
- Increased student cycle accessibility and facilities at Dundee University - £14,000
- Development of Active Community links in Loch Lomonds & The Trossachs - £6,000
- Tyndrum – Crianlarich – Killin foot/cycle path feasibility -£7,000
- Dunblane Station cycle path link - £15,000
- Safer Routes to School in Bridge of Allan - £5,000
- Tullybaccart shared use path in Perth & Kinross - £3,650
- Auchterarder path feasibility in Perth & Kinross - £3,225

In addition to its principal focus on developing and delivering the RTS through work on the RTS Revenue and Tactran Capital Programmes, a significant proportion of staff time and resource was committed to supporting general Community Planning engagement in all four partner Council areas and working with Development Planning Authorities.

The Partnership Board receives regular reports on ongoing officer engagement in the various Development Planning processes and also comments formally at the key Main Issues Report and Proposed Plan stages for each Development Plan within the region and also on any related Supplementary Guidance. During 2014/15 the Partnership responded to consultations on:-

- Dundee City Council Supplementary Guidance on Air Quality and Land Use
- Loch & Lomond & The Trossachs National Park Main Issues Report
- TAYplan 2016 – 2036 Main Issues Report

TAYplan, the Strategic Development Planning authority covering Angus, Dundee City, Perth & Kinross and North East Fife commenced the process leading towards preparation of an updated SDP for the period 2016 – 2036. TAYplan and Tactran undertook a parallel Main Issues consultation during the summer of 2014, the outputs of which have informed the ongoing refresh of the RTS.

Further information on the Partnership's activity, the Regional Transport Strategy and our Revenue and Capital programme work can be obtained by visiting our website www.tactran.gov.uk.

2. FUTURE DEVELOPMENTS

Refresh of the RTS 2008 - 2023 to reflect and take account of changes to the region's transport networks, demographics, travel needs and patterns and revisions to national and local policy commenced in 2014/15. This has been informed by informal and formal consultations with a range of key stakeholders. A six-week consultation on the Finalised Draft RTS Refresh and associated Strategic Environmental Assessment (SEA) and Equalities Impact Assessment (EqIA) ended in May 2015. Following consideration of the outcome of this consultation by the Partnership in June 2015, the completed RTS Refresh, covering the period 2015 - 2036, will be submitted for Scottish Ministers' approval during the summer of 2015. Upon completion and approval of the RTS Refresh the Partnership will undertake a wider review of RTS priorities and processes moving forward.

During 2015/16 work will continue on a review and updating of the RTS Delivery Plan to take account of new or revised national, regional and local economic, transport and other relevant strategies, including the Scottish Government's Economic Strategy and National Transport Strategy. The RTS Delivery Plan provides a strategic framework for determining Capital and Revenue programmes which will support delivery of the RTS, working in collaboration with partner Councils, Scottish Government, Transport Scotland and other delivery stakeholders. The review of the Delivery Plan will further embed alignment of RTS priorities with those identified in national strategies and in evolving SOA, SDP and LDP Action Programmes.

3. PRINCIPAL RISKS AND UNCERTAINTIES

Tactran has an approved Risk Management Policy and Risk Register which set out the key strategic and operational risks for the Partnership and associated management controls. The main areas of identified risk are in relation to RTS development and delivery; management and operation of the Partnership and financial support and management.

The Risk Register is reviewed by Board members not less than annually, normally at the March quarterly Partnership meeting to take account of any new or altered risks identified during the previous financial year and looking forward into the coming financial years.

The principal strategic risk facing the Partnership, as identified through successive Risk Register reviews and Annual Audits, continues to be in relation to securing the necessary commitment and funding to support delivery of the RTS. The Partnership and its officers continue to seek and explore opportunities for leveraging external and match delivery funding through engagement with partner Councils, Community Planning Partners, Transport Scotland, other RTPs, transport agencies and providers and through membership of Scotland Europa, in terms of opportunities emerging through various EU funds.

As outlined above, during 2014/15 Tactran entered into a new partnership relationship with sustainable transport charity Sustrans which has secured additional Capital funding of £100,000/annum, initially during 2014/15 and 2015/16, to support implementation of the RTS. It is hoped that this new delivery relationship will be continued and extended beyond the initial 2-year term.

4. FINANCIAL PERFORMANCE

This section is presented as a commentary on the overall financial position of Tactran as shown within the Annual Accounts for the year ended 31 March 2015. It contains explanations of the major influences on the Partnership's income, expenditure and cash flow in line with the Statement of Accounting Policies which sets out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

At its meeting on 10 December 2013, the Tayside and Central Scotland Transport Partnership Board approved the 2014/15 Core Revenue Budget of £421,630 of which £318,630 was met by Grant in Aid funding from the Scottish Government. In addition, £1,742 of budgeted income from the constituent Councils was brought forward from 2013/14 to fund key RTS priorities and miscellaneous other income of £2,000. A further £101,000 in 2014/15 was requisitioned from the four constituent Councils, using a Scottish Government allocation methodology based on 95% population and 5% area, as follows:

Angus Council	22.9%	£23,130
Dundee City Council	28.4%	£28,690
Perth and Kinross Council	30.3%	£30,600
Stirling Council	18.4%	£18,580
Total Council Requisitions	100.0%	£101,000

The Scottish Government also provided additional Grant in Aid revenue funding for the financial year 2014/15 for the Regional Transport Strategy of £204,120.

This resulted in a gross revenue budget for 2014/15 of £627,492.

During 2014/15, the Partnership Board received regular revenue and capital monitoring reports in order to keep members fully apprised as to the projected outturn position.

The Partnership's final position for 2014/15 excluding accounting adjustments relating to pensions (£63,000) was a surplus of £11,040. In line with the Partnership Board approval this surplus has been designated as deferred income and carried forward to 2015/16.

	Budget £,000	Actual £,000	Variance £,000
Employee Costs	328	328	0
Property Costs	27	24	3
Supplies & Services	17	19	(2)
Transport	5	9	(4)
Third Party	250	351	(101)
Total Expenditure	627	731	(104)
Scottish Government Grant	523	523	0
Council Requisitions	101	101	0
Deferred Income	1	(9)	10
Other Income	2	116	(114)
Total Income	627	731	(104)

For 2014/15, the main factors underlying each of the variances are as follows:

The over spend in third party costs of £101,000 was related to expenditure of £100,000 on the Active Travel projects. This over spend is offset against the additional income of £100,000 received from SUSTRANS.

The Partnership also received additional income of £12,680 in relation to European funded projects.

As a result of this additional European funding, less a number of small over and under spends, the Partnership did not require the full requisitions due from the four constituent authorities. At the

Partnership meeting of 10 March 2015 it was agreed that this amount would be used by the Partnership to support the 2015/16 RTS Revenue Budget. The final amount of deferred income totals £11,040.

The total surplus on the Comprehensive Income and Expenditure Statement was £368,000 which reflects, International Accounting Standard 19 (Retirement Benefits) ("IAS 19"), the entries required in respect of pension costs and accumulated absences.

5. ANNUAL GOVERNANCE STATEMENT

This statement sets out the framework within which governance and control is managed and reviewed. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

6. STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

This statement sets out the main financial responsibilities of the Partnership and the Treasurer.

7. GENERAL FUND

The Partnership has, under the Transport (Scotland) Act 2005, no powers to hold a balance on the General Fund. Any under spends are therefore treated as creditors repayable to the funder or amounts received in advance from the funding source.

8. CAPITAL EXPENDITURE

During 2014/15, the Partnership did not incur any direct capital expenditure. A Regional Transport Strategy Capital Programme totalling £1.298 million, utilising capital grant within the Dundee City Council and Perth and Kinross Council Capital Programmes was progressed during 2014/15.

9. PENSION LIABILITY

Under International Accounting Standard (IAS) 19 (Retirement Benefits), the Partnership is required to include in the Annual Accounts amounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. Based on information provided by Local Government Pension Scheme Actuaries, it has been estimated that the Partnership had a net pension liability of £458,000 as at 31 March 2015. The estimated net pension liability at 31 March 2014 was £826,000.

The pension liability represents the best estimate of the current value of the pension benefits that will have to be funded by the Partnership through its constituent Councils. The liability relates to benefits earned in the Local Government Pension Scheme by existing or previous employees up to 31 March 2015.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This allows for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money a discount factor based on a corporate bond rate is used.

10. BALANCE SHEET NET LIABILITIES

The Balance Sheet at 31 March 2015 shows net liabilities of £466,000. This net liability position reflects the inclusion of net pension liabilities of £458,000 falling due in future years and arising from the application of IAS 19 (Retirement Benefits) and £8,000 for the application of the short term employee benefits accrual. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the Partnership with funding to meet all liabilities as they fall due.

11. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

12. POST BALANCE SHEET EVENTS

No significant events occurred between the Balance Sheet date and the date the Treasurer signed the accounts that would have a material impact on the 2014/15 Annual Accounts.

13. THE FINANCIAL STATEMENTS

Movement in Reserves Statement

This statement shows the movement in the year on different Reserves held by the Partnership. This is analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure) and 'Unusable Reserves'. The Partnership does not have statutory powers to operate a Usable Reserve.

Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by the Reserves held by the Partnership.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Partnership during the reporting period. The statement shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Notes to the Core Financial Statements

These notes are intended to provide the reader with further information which is not separately detailed in the core financial statements.

14. REMUNERATION REPORT

The Local Authority Accounts (Scotland) Amendment Regulations 2011 require Regional Transport Partnerships to include a Remuneration Report in the Financial Statements. The Remuneration Report discloses information for each senior employee.

Partnership Board members receive no remuneration in relation to their appointment to the Partnership. Board members may claim reasonable expenses incurred in relation to their participation in Partnership business. Expenses for Councillor Members are borne by the constituent Councils. Expenses paid to non-Councillor members are reported in Note 7: Members Allowances.

15. ACKNOWLEDGEMENTS

During the 2014/15 financial year the Partnership's financial position has undertaken regular scrutiny and strict budgetary control. We would wish to place on record our appreciation of the excellent work carried out by the Partnership's officers, supported by the officers of Perth and Kinross Council in the financial management of the Partnership and in the preparation of the 2014/15 Annual Accounts.

Will Dawson
Chair of Partnership Board
Tactran
16 June 2015

Eric Guthrie
Partnership Director
Tactran
16 June 2015

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2014/15

Tayside and Central Scotland Transport Partnership (Tactran) is a statutory body established under the Transport (Scotland) Act 2005. The Tactran region covers the Angus, Dundee City, Perth & Kinross and Stirling Council areas.

Tactran works with its partner Councils, Community Planning Partnerships, Development Planning Authorities, Scottish Government, Transport Scotland, transport providers and other key stakeholders to improve and develop Scotland's transport infrastructure and services in support of promoting sustainable economic growth, social inclusion and environmental sustainability.

PARTNERSHIP BOARD MEMBERSHIP

Membership of the Partnership is prescribed by the Regional Transport Partnerships (Establishment, Membership and Constitution) (Scotland) Order 2005. The Partnership Board consists of 10 Councillors who are nominated by partner Councils – 3 per Council from Dundee City and Perth & Kinross and 2 per Council from Angus and Stirling – plus 5 non-Councillor members.

Board membership during 2014/15 was:-

Councillor Members

Angus Council

Councillor Mairi Evans
Councillor Ronnie Proctor

Dundee City Council

Councillor Bill Campbell
Councillor Will Dawson (Chair)
Councillor Brian Gordon

Perth & Kinross Council

Councillor Mike Barnacle
Councillor John Kellas
Councillor Alan Livingstone

Stirling Council

Councillor Danny Gibson
Councillor Alycia Hayes

The current Councillor appointments extend until the next Local Government elections in May 2017.

Non-Councillor Members

Non-Councillor appointments are made by the Partnership, subject to the consent of Scottish Ministers. Legislation permits the Partnership to appoint either 4 or 5 such members and the Partnership has agreed to appoint the maximum of 5 non-Councillor members. The non-Councillor members during 2014/15 were:-

Mr Mark Craske – Mark is Travel Manager for NHS Forth Valley and Chair of the Health Facilities Scotland Transport and Travel Planning Advisory Group. He was appointed as health sector representative on the Partnership Board with effect from April 2013.

Ms Trudi Craggs – Trudi was appointed to the Partnership Board on 1 December 2014. She has extensive experience working as a leading transport lawyer in Scotland and advising on the development and implementation of a number of major road, rail and general transport strategies and projects.

Mr James (Doug) Fleming – Doug has over 45 years' experience in the transport industry including Managing Director level experience with Travel Dundee and the Stagecoach Group. He was appointed to the Partnership Board in February 2009 and was appointed Deputy Chair of the Partnership from June 2012.

Mr Gavin Roser – Gavin is a Director of Pantrak Transportation Limited and Secretary General to the European Freight and Logistics Leaders Forum. He has over 40 years' senior transport experience in road, rail and shipping companies. He was appointed to the Partnership Board in March 2007.

Mr David Scotney – David has over 30 years' experience of working in transportation policy development and planning in local government and in transport consultancy. He was appointed to the Partnership Board in September 2010.

Mr Bill Wright – Bill has over 25 years' experience at senior management level in financial management and is current chair of Cycling Scotland. He was appointed to the Partnership Board in April 2006 and having

served for over 8 years as a non Councillor Member, Bill retired from the Board September 2014 when his latest term of office expired on 30 September 2014.

Advisors

Regional Transport Partnerships may appoint such number of observers or advisors as they consider appropriate.

Reflecting the key strategic relationships between regional transportation and land use planning, the Board has appointed TAYplan Strategic Development Plan Manager, Pam Ewen as an advisor to the Partnership.

Complementing a new partnership relationship entered into with transport charity Sustrans in 2014/15, to promote and develop walking and cycling through appointment of an embedded Active Travel Officer and delivery of associated measures and infrastructure, the Partnership agreed to appoint Graeme Brown, Infrastructure Partnership Manager, Sustrans, as an advisor.

PARTNERSHIP STAFF

Partnership Director

Eric Guthrie was appointed Partnership Director in July 2006. He has over 36 years' experience working in local authority transportation policy, planning and delivery plus experience of working in the bus industry. As the Partnership's Chief Officer, he is responsible for ensuring that the Partnership meets all of its statutory obligations and duties and for managing the Partnership and its resources.

Projects Manager

Niall Gardiner was appointed Projects Manager in October 2007. He has 27 years' experience working in transportation planning and engineering. Niall is responsible for managing the development and implementation of Regional Transport Strategy Revenue and Capital delivery programmes, in liaison with partner Councils, Community Planning Partnerships, Development Planning Authorities and other delivery stakeholders.

Strategy Manager

Michael Cairns was appointed Strategy Manager in November 2007. He has 36 years' experience working in transportation planning and engineering. Michael is responsible for managing development and implementation of the Regional Transport Strategy and related sub-strategies, in liaison with partner Councils, Health Boards, Community Planning Partnerships, Development Planning Authorities and other strategic stakeholders.

Travel Plan Officer

Merry Scott was appointed Travel Plan Officer in January 2007. She has 13 years' experience in travel planning and sustainable transport promotion and delivery. Merry is responsible for developing and implementing the Regional Travel Plan Strategy and sustainable transport initiatives working with partner Councils, Health Boards, Scottish Government and other public and private sector agencies.

Active Travel Officer

Philip Nowotny was appointed as an embedded Active Travel Officer in June 2014, under a partnership arrangement with Active Travel charity Sustrans. Philip is responsible for promoting the development and delivery of walking and cycling measures and infrastructure, including delivery of an associated regional Active Travel Capital Programme, working with partner Councils, Health Boards and other partners.

Office Manager / Personal Assistant (PA) to Director

Ashley Roger was appointed Office Manager / Personal Assistant to the Director in January 2007. She has 18 years office management / PA experience in the private and public sectors. Ashley is responsible for overseeing all aspects of office management and related administrative support to the Partnership's staff and members and providing PA support to the Partnership Director.

Administration Assistant

Muriel Muirhead was appointed Administration Assistant in September 2008. She has previous administrative and clerical experience in the private and public sectors. Muriel is responsible for providing all aspects of clerical and administrative support to the Partnership's staff and members under the general direction of the Office Manager/PA to Director.

PROPER OFFICERS

In accordance with statutory requirements the Partnership has appointed three Proper Officers who provide specialist corporate governance, financial and legal support and advice to the Partnership Board and Partnership Director. These are:-

Partnership Secretary

Gillian Taylor is Head of Democratic Services with Perth & Kinross Council and is the Proper Officer for all matters relating to Partnership governance, meetings and proceedings, and for ethical standards.

Partnership Treasurer

Scott Walker is Chief Accountant with Perth & Kinross Council and is the Proper Officer for all matters relating to financial probity, treasury management and reporting.

Partnership Legal Adviser

Ian Innes is Head of Legal Services with Perth & Kinross Council and is the Proper Officer for all matters of a legal nature, including Execution of Deeds, and representing the Partnership in any legal or tribunal proceedings.

Further information on Tactran's membership and officer team can be found on the Partnership's website – www.tactran.gov.uk

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

ANNUAL GOVERNANCE STATEMENT 2014/15

1. Scope of Responsibility

The Tayside and Central Scotland Transport Partnership's aim is to develop a transportation system for the region covering the Angus, Dundee City, Perth & Kinross and Stirling Council areas, as outlined in the Partnership's Regional Transport Strategy 2008 - 2023.

The Partnership is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and ethically. The Partnership also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Partnership's affairs, and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Partnership has approved and adopted a set of governance documents which is consistent with appropriate corporate governance. These documents are reviewed every 2-3 years with a further review scheduled for June 2016.

This statement explains how the Partnership delivers good governance and reviews the effectiveness of these arrangements. It also includes a statement on internal financial control in accordance with proper practice.

2. The Partnership's Governance Framework

The governance framework comprises the systems and processes and culture and values by which the Partnership is directed and controlled and its activities through which it accounts to, engages with and influences the community. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

Focusing on the purpose of the Partnership and on outcomes for the community, and creating and implementing a vision for the local area;

- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Partnership and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Partnership's policies, aims and objectives. These risks are reported to the Partnership annually. This will enable the Partnership to manage its key risks efficiently, effectively, economically and ethically. While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period. The Partnership has previously agreed that regular internal audit scrutiny is not necessary for the scale of the Partnership but they will provide advice and guidance as and when required.

3. Determining the Partnership's purpose, its vision for the local area and intended outcomes for the Community

The Partnership aims to develop a transportation system for the region covering the Angus, Dundee City, Perth & Kinross and Stirling Council areas, which will enable business to function effectively and provide everyone living in the region with improved access to health care, education, public services and employment opportunities. The vision for achieving this is outlined in the Regional Transport Strategy.

The Annual Revenue Programme details the projects the Partnership is involved in and an update is reported to the Partnership Board on a quarterly basis. These projects link to the aims of the strategy and the Annual Report provides a report of performance against objectives, targets and performance indicators as outlined in the Regional Transport Strategy.

4. Review of Effectiveness

The Partnership, which uses some of Perth & Kinross Council's financial control systems, has put in place arrangements detailed within the Partnership's Governance documents.

The review of the effectiveness of its governance framework is informed by:

- the operation and monitoring of controls by the Partnership Director and managers;
- the External Auditors in their Annual Audit Report; and
- other inspection agencies comments and reports.

Through the year Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- The Partnership Board provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides governance accountability for the Partnership's performance.
- Audit Scotland's Annual Audit Report is considered by the Partnership Board.
- The Risk Management System requires that risks are regularly reviewed annually by the Partnership Board. This ensures that actions are taken to effectively manage the Partnership's identified risks.
- The Legal Officer is responsible to the Partnership for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Partnership's financial management arrangements conform with the governance arrangements of CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government.

5. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31 March 2015. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Partnership in all significant areas of its corporate governance arrangements.

Will Dawson
Chair of Partnership Board
Tactran
16 June 2015

Eric Guthrie
Partnership Director
Tactran
16 June 2015

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Partnership's responsibilities

The Partnership is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that a designated officer has the responsibility for the administration of those affairs. For Tactran that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Partnership's Annual Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Accounts present a true and fair view of the financial position of the Partnership at the accounting date and its income and expenditure for the year ended 31 March 2015.



Scott Walker CPFA
Treasurer
Tactran
16 June 2015

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2015

	General Fund Balance	Total Usable Reserves	Accumulated Absences Unusable Reserves	Pensions Reserve Unusable Reserves	Total Tactran Reserves
	£,000	£,000	£,000	£,000	£,000
Balance at 31 March 2013	0	0	(2)	(459)	(461)
<u>Movement in reserves during 2013/14</u>					
Deficit on provision of services	(44)	(44)	0	0	(44)
Other Comprehensive Expenditure and Income	0	0	0	(329)	(329)
Total Comprehensive Expenditure and Income	(44)	(44)	0	(329)	(373)
Adjustments between accounting basis & funding basis under regulations (note 3)	44	44	(6)	(38)	0
Increase in 2013/14	0	0	(6)	(367)	(373)
Balance at 31 March 2014 carried forward	0	0	(8)	(826)	(834)
<u>Movement in reserves during 2014/15</u>					
Deficit on provision of services	(63)	(63)	0	0	(63)
Other Comprehensive Expenditure and Income	0	0	0	431	431
Total Comprehensive Expenditure and Income	(63)	(63)	0	431	368
Adjustments between accounting basis & funding basis under regulations (note 3)	63	63	0	(63)	0
Increase in 2014/15	0	0	0	368	368
Balance at 31 March 2015 carried forward	0	0	(8)	(458)	(466)

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2015

2013/14			2014/15			
Gross Exp £000	Gross Income £000	Net (Income) / Exp £000	Note	Gross Exp £000	Gross Income £000	Net (Income) /Exp £000
SERVICES						
660	(559)	101		719	(639)	80
36	0	36		38	0	38
696	(559)	137		757	(639)	118
COST OF SERVICES						
22	0	22	9	37	0	37
0	(115)	(115)		0	(92)	(92)
22	(115)	(93)		37	(92)	(55)
		44		794	(731)	63
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES						
		329				(431)
		373				(368)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE						

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year ending 31 March 2015

As at 31 March 2014 £000 £000		Notes	As at 31 March 2015 £000 £000	
36	Short Term Debtors	13	25	
23	Cash and Cash Equivalents	16	<u>80</u>	
	59 Current Assets			105
<u>(67)</u>	Short Term Creditors	14	<u>(113)</u>	
	(67) Current Liabilities			(113)
(826)	Other Long Term Liabilities	9	(458)	
	<u>(834) Net Liabilities</u>			<u>(466)</u>
	Financed by Fund Balances and Unusable Reserves:			
(826)	Pensions Reserve	4	(458)	
(8)	Accumulated Absence	4	(8)	
	<u>(834)</u>			<u>(466)</u>

The Unaudited Annual Accounts were authorised for issue on the 16 June 2015..



Scott Walker CPFA
Treasurer
Tactran
16 June 2015

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year ending 31 March 2015

2013/14 £000		Notes	2014/15 £000
(44)	Net deficit on provision of service		(63)
(45)	Adjustments to net surplus or (deficit) on the provision of services for non cash movements		120
(89)	Net Increase/(decrease) in cash and cash equivalents		57
112	Cash and cash equivalents at the beginning of the reporting period		23
23	Cash and cash equivalents at the end of the reporting period	5	80

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

REMUNERATION REPORT

(i) Remuneration Policy for Senior Employees

The Partnership Board determines initial remuneration for senior employees with reference to the level of responsibility of the post.

The Partnership does not operate a Remuneration Committee.

Annual inflationary increases are based on those agreed by the Scottish Joint Negotiating Committee for Chief Officials of Local Authorities (Scotland).

(ii) Remuneration for Senior Councillors

Under current legislation Councillor Members of the Partnership are not entitled to receive any remuneration from Tactran. Remuneration would be made directly from their constituent authorities and this information would be disclosed within each constituent authority's remuneration report. Expenses paid to Board members are detailed in note 7 to the financial statements.

(iii) Officers Remuneration

The Partnership has three Proper Officers who undertake tasks within their specialised areas, who earn in excess of £50,000 (Partnership Secretary, Treasurer and Legal Adviser), however all Proper Officers are employed and paid by Perth & Kinross Council and are not included within the Remuneration report. The Partnership is recharged a total of £9,000 by Perth and Kinross Council for these individual officers.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

<i>Number of Employees 2013/14</i>	Salary Banding	Number of Employees 2014/15
1	£75,000 - £79,999	
	£80,000 - £84,999	1

(iv) Senior Employees Remuneration

Name and Post Title	Salary, Fees and Allowance	Total Remuneration 2014/15	Total Remuneration 2013/14
Eric Guthrie Partnership Director	£80,487	£80,487	£79,689
	£80,487	£80,487	£79,689

The senior employee in the above table has overall chief executive officer responsibility and accountability for the strategic direction and management of the Partnership, to the extent that the person has powers and authority to direct and control the major activities of the Partnership, including activities involving the expenditure of money. He is also responsible for ensuring that the Partnership fulfils its statutory duties and obligations in line with priorities set by the Partnership Board during the year to which the Report relates, whether solely or collectively with other persons.

(v) Senior Employees Pension Entitlement

The pension entitlement of the Partnership senior employee is as follows:

In year pension contributions

Accrued pension benefits

Name and Post Title	2013/14	2014/15		As at 31	As at 31	Difference
	£000	£000		March	March	from 31
				2014	2015	March
				£000	£000	2014
						£000
Eric Guthrie Partnership Director	15	15	Pension	37	38	1
			Lump Sum	90	91	1
	<u>15</u>	<u>15</u>				

(vi) Audit Review

All information disclosed within the tables is audited by the Partnership's appointed External Auditors. The other sections of the Remuneration Report are reviewed by External Auditors to ensure that they are consistent with the financial statements.

Eric Guthrie
Partnership Director
Tactran
16 June 2015

Will Dawson
Chairperson
Tactran
16 June 2015

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Annual Accounts summarise the Partnerships transactions for 2014/15 and its position at 31 March 2015. The Partnership is required to prepare Annual Accounts by the Transport (Scotland) Act 2005, section 3 and section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice for Local Authorities 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of financial instruments.

ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Partnership's cash management.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave and any non-monetary benefits for current employees are recognised as an expense in the year in which employees render service to the Partnership. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed from the General Fund Balance by crediting the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of Tayside Pension Fund attributable to the Partnership are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees,
- The assets of Tayside Pension Fund attributable to the Partnership are included in the Balance Sheet at their fair value,
 - quoted securities – current bid price,
 - unquoted securities – professional estimate,
 - unitised securities – current bid price,
 - property – market value,
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains/losses on settlements and curtailments – the result of actions to relieve the Partnership of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve;
- contributions paid to Tayside Pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Partnership to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Partnership also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants, third party contributions and donations are recognised as due to the Partnership when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments and
- the grants or contributions will be received.

Amounts recognised as due to the Partnership are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) in the Comprehensive Income and Expenditure Statement.

FINANCIAL INSTRUMENTS

In the Notes to the Financial Statements, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

LEASES

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

RESERVES

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

Certain Reserves are kept to manage the accounting processes for retirement benefits and accumulated absences do not represent usable resources for the Partnership – these Reserves are explained in note 4.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Annual Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Partnerships Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Partnership with expert advice about the assumptions to be applied.

The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £73,052 (£63,876 for 2013/14).

However, the assumptions interact in complex ways. During 2014/15, the Partnership's actuaries advised that the net pension's liability had reduced by £368,000 (2013/14 pension liability increased by £367,000) due to an updating of the assumptions.

3. MOVEMENT IN RESERVES STATEMENT – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

The Partnership holds no Usable Reserves.

	<i>Movement in Unusable Reserves</i>	<i>Movement in Unusable Reserves</i>
	<i>2013/14 £000</i>	<i>2014/15 £000</i>
Adjustments involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(84)	(109)
Employer's pensions contributions and direct payments to pensioners payable in the year	46	46
Adjustment involving the Accumulating Compensated Absences Adjustment Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(6)	0
Total Adjustments	(44)	(63)

4. BALANCE SHEET – UNUSABLE RESERVES

<i>31 March 2014</i>		<i>31 March 2015</i>
<i>£000</i>		<i>£000</i>
(826)	Pensions Reserve	(458)
(8)	Accumulating Compensated Absences Adjustment Account	(8)
(834)	Total Unusable Reserves	(466)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Partnership accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Partnership makes employer's contributions to pension's funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Partnership has set aside to meet them. The statutory requirement on constituent Councils to meet the net cost of the Partnership will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000		2014/15 £000
(459)	Balance at 1 April	(826)
(330)	Other Comprehensive Income	431
(83)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(109)
46	Employer's pensions contributions and direct payments to pensioners payable in the year	46
<u>(826)</u>	Balance as at 31 March	<u>(458)</u>

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14 £000		2014/15 £000
(2)	Balance at 1 April	(8)
(6)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
<u>(8)</u>	Balance at 31 March	<u>(8)</u>

5. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
23	Bank current accounts	80
<u>23</u>	Balance at 31 March	<u>80</u>

6. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice for Local Authorities. However, decisions regarding resource allocation are taken by the Partnership's Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year,
- expenditure on some support services is budgeted for centrally and not charged to projects.

The income and expenditure of the Partnership's principal functions recorded in the budget reports for the year is as follows:

Segmental Income & Expenditure 2014/15	Core Service £,000	Projects £,000	Totals £,000
Fees, charges & other service income	(17)	(99)	(116)
Government grants	(319)	(204)	(523)
Constituent Council requisitions	(90)	(2)	(92)
Total Income	(426)	(305)	(731)
Employee expenses	328	0	328
Other service expenses	75	0	75
Support service recharges	22	0	22
Project costs	0	306	306
Total Expenditure	425	306	731
Net Expenditure	(1)	1	0

Segmental Income & Expenditure 2013/14	Core Service £,000	Projects £,000	Totals £,000
<i>Fees, charges & other service income</i>	<i>(5)</i>	<i>(31)</i>	<i>(36)</i>
<i>Government grants</i>	<i>(319)</i>	<i>(204)</i>	<i>(523)</i>
<i>Constituent Council requisitions</i>	<i>(99)</i>	<i>(16)</i>	<i>(115)</i>
Total Income	(423)	(251)	(674)
<i>Employee expenses</i>	<i>323</i>	<i>0</i>	<i>323</i>
<i>Other service expenses</i>	<i>78</i>	<i>0</i>	<i>78</i>
<i>Support service recharges</i>	<i>22</i>	<i>0</i>	<i>22</i>
<i>Project costs</i>	<i>0</i>	<i>251</i>	<i>251</i>
Total Expenditure	423	251	674
Net Expenditure	0	0	0

Reconciliation of Segmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how figures in the analysis of the segmental income and expenditure relate to amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2014/15 £000
Net Expenditure in Segmental Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in Segmental Analysis	84	109
Amounts included in the Segmental Analysis not included in the Comprehensive Income and Expenditure Statement	(40)	(46)
Cost of Services in Comprehensive Income and Expenditure Statement	44	63

Reconciliation to Subjective Analysis

This reconciliation demonstrates how the figures in the analysis of the segmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement (CIES).

	Segmental Analysis	Not Reported to Mgmt	Not included in CIES	Cost of Services	Corporate Amounts	Deficit on Provision of Service
2014/15						
Reconciliation to Subjective Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(116)					(116)
Government grants	(523)					(523)
Constituent Councils requisitions	(92)					(92)
	<u>(731)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(731)</u>
Employee expenses	328					328
Other service expenses	75					75
Support service recharge	22					22
Project costs	306					306
Pension interest cost		116				116
Expected return on pension assets		(79)				(79)
Employer contributions			(46)			(46)
Current service cost		72				72
	<u>732</u>	<u>109</u>	<u>(46)</u>	<u>0</u>	<u>0</u>	<u>794</u>
Deficit on the provision of Service	<u>0</u>	<u>109</u>	<u>(46)</u>	<u>0</u>	<u>0</u>	<u>63</u>
2013/14						
Reconciliation to Subjective Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(36)					(36)
Government grants	(523)					(523)
Constituent Councils requisitions	(115)					(115)
	<u>(674)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(674)</u>
Employee expenses	323					323
Other service expenses	78					78
Support service recharge	22					22
Project costs	251					251
Pension interest cost		94				94
Expected return on pension assets		(72)				(72)
Employer contributions			(46)			(46)
Service cost		62				62
Accumulated absences			6			6
	<u>674</u>	<u>84</u>	<u>(40)</u>	<u>0</u>	<u>0</u>	<u>718</u>
Deficit on the provision of Service	<u>0</u>	<u>84</u>	<u>(40)</u>	<u>0</u>	<u>0</u>	<u>44</u>

7. MEMBERS ALLOWANCES

The Partnership paid the following amounts to members during the year.

	2013/14 £000	2014/15 £000
Expenses	1	1
	1	1

8. EXTERNAL AUDIT COSTS

The external auditors of the Partnership are appointed by the Accounts Commission for Scotland for a period of 5 years. The total fee payable to Audit Scotland in respect of the 2014/15 financial year for external audit services undertaken in accordance with the Code of Audit Practice is £9,860 (2013/14 £9,760). During 2014/15 the external auditor did not provide any other services to the Partnership other than the duties undertaken in accordance with the Code of Audit Practice.

9. DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Partnership has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Partnership participates in the Local Government Pension Scheme, administered locally by Dundee City Council which is a funded defined benefit final salary scheme meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions relating to post employment benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge which requires to be made is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	<i>Local Government Pension Scheme</i> £000	<i>Local Government Pension Scheme</i> £000
	2013/14	2014/15
Costs of Services		
Service Cost	62	72
Financial and Investment Income and Expenditure		
Net Interest on defined liability	21	37
Administration	1	1
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	84	110
Remeasurements	(329)	431
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(245)	531
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	(38)	(63)
Employers contributions payable to scheme	46	46

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities Local Government Pension Scheme 2013/14 £000	Funded liabilities Local Government Pension Scheme 2014/15 £000
Opening Balance at 1 April	1,962	2,508
Current Service Costs	62	72
Interest Cost	93	116
Contributions by scheme participants	19	20
Change in assumptions	372	(412)
Closing balance at 31 March	2,508	2,304

	Assets 2013/14 £000	Assets 2014/15 £000
Opening Balance at 1 April	1,503	1,682
Interest on assets	72	79
Return on assets (less interest)	42	164
Other actuarial gains/(losses)	0	(144)
Employer contributions	46	46
Contributions by scheme participants	20	20
Administration Expenses	(1)	(1)
Closing balance at 31 March	1,682	1,846

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The annual gain on scheme assets in the year was £243,130 (2013/14: return of £114,504).

Scheme History

	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Present Value of Liabilities				
Local Government scheme	(1,831,036)	(1,962,124)	(2,507,866)	(2,303,974)
Fair Value of Assets in Local Government Pension Scheme	1,227,973	1,503,207	1,682,062	1,846,170
Deficit of the Scheme	(603,063)	(458,917)	(825,804)	(457,804)

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total liability of £457,804 has a substantial impact on the net worth of Tactran as recorded in the Balance Sheet, resulting in a negative overall balance of £466,000. However, statutory arrangements which require the pensions funding deficit to be met by constituent Councils, mean that the financial position of the Partnership remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Funding is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2015.

The principal assumptions used by the actuary have been:

Local Government Discretionary Benefits Pension Scheme

	2011/12	2012/13	2013/14	2014/15
Expected Return	6.1%	6.1%	7%	7%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Retiring Today:				
Males	20.6	20.6	21.0	21.2
Females	22.8	22.9	23.3	23.2
Retiring in 20 Years:				
Males	21.8	21.9	23.2	23.4
Females	24.4	24.5	25.6	25.5
Rate of inflation	3.3%	3.4%	3.7%	3.2%
Rate of increase in salaries	4.8%	4.8%	5.1%	4.2%
Rate of increase in pensions	2.5%	2.6%	2.9%	2.4%
Rate for discounting scheme liabilities	4.6%	4.7%	4.6%	3.3%

Discretionary Benefits

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets.

	31 March 2014	31 March 2015
Equities	76%	71%
Gilts	9%	5%
Other Bonds	4%	13%
Property	9%	10%
Cash	2%	1%
Total	<u>100%</u>	<u>100%</u>

The actuary advised that gains and losses are estimated for each year but only calculated on an actual basis every 3 years.

There is a slight variation to the percentages detailed within the 2013/14 accounts for the categories of assets. This is due to the Actuaries providing updated comparator information within their 2014/15 review.

The total contributions expected to be made to the Local Government Pension Scheme by the Partnership in the year to 31 March 2016 is £41,488.

10. TRANSACTIONS WITH RELATED PARTIES

The four constituent Councils are related parties of Tactran, in terms of the Accounting Code of Practice, as both Tactran and the Councils are subject to common control by Central Government. During 2014/15, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

2013/14			2014/15	
Income From £	Payments To £		Income From £	Payments To £
Angus Council				
(26,383)	0	Tactran Requisition	(21,001)	0
0	2,103	Third Party Payments	0	41,550
<u>(26,383)</u>	<u>2,103</u>		<u>(21,001)</u>	<u>41,550</u>
Dundee City Council				
(32,724)	0	Tactran Requisition	(26,049)	0
(9,037)	0	Other Income	(9,543)	0
0	0	Supplies and Services	0	8
0	33,754	Third Party Payments	0	38,963
<u>(41,761)</u>	<u>33,754</u>		<u>(35,592)</u>	<u>38,971</u>
Perth & Kinross Council				
(34,904)	0	Tactran Requisition	(27,783)	0
(100)	0	Interest Receivable	(100)	0
0	5,214	Supplies and Services	0	5,007
0	36,938	Third Party Payments	0	18,983
0	25,000	Central Support Services	0	25,000
0	6,259	Property Costs	0	5,685
0	3,916	Transport Costs	0	3,829
<u>(35,004)</u>	<u>77,327</u>		<u>(27,883)</u>	<u>58,504</u>
Stirling Council				
(21,193)	0	Tactran Requisition	(16,869)	0
(6,875)	0	Other Income	(500)	0
0	12,100	Third Party Payments	0	27,700
<u>(28,068)</u>	<u>12,100</u>		<u>(17,369)</u>	<u>27,700</u>

11. BALANCES WITH RELATED PARTIES

The four constituent Councils are related parties of Tactran, in terms of the Accounting Code of Practice, as both Tactran and the Councils are subject to common control by Central Government. The following balances existed between the Partnership and its related parties as at 31 March 2015.

2013/14 Amount Due To/(From) Received In Advance From £		2014/15 Amount Due To/(From) Received In Advance From £
Angus Council		
(5,384)	Tactran Requisition	2,528
<u>(5,384)</u>		<u>2,528</u>
Dundee City Council		
495	Tactran Requisition	3,135
450	Supplies and Services	475
(2,346)	Other Income	0
<u>(1,401)</u>		<u>3,610</u>
Perth & Kinross Council		
(50)	Interest Receivable/(Payable)	(74)
528	Tactran Requisition	3,345
27,312	Staff Cost	27,563
3,677	Supplies and Services	12,604
<u>31,467</u>		<u>43,438</u>
Stirling Council		
321	Tactran Requisition	2,031
(6,875)	Other Income	0
<u>(6,554)</u>		<u>2,031</u>

12. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2014/15 (2013/14: None) and accordingly there were no finance lease rentals paid to lessors during 2014/15 (2013/14: None). The Partnership occupies office premises in Perth on an operating lease which commenced in November 2006. The lease was originally for a period of six years which was renewed in November 2012. A further 3 year extension to the lease was agreed in June 2012 on existing terms. The annual rent is currently £12,000.

13. DEBTORS

2013/14 £000		2014/15 £000
<u>Current (Due within 1 year)</u>		
14	Central Government	20
6	Angus Council	0
2	Dundee City Council	4
7	Stirling Council	0
7	Other Entities and Individuals	1
<u>36</u>		<u>25</u>

14. CREDITORS

2013/14 £ 000		2014/15 £000
0	Angus Council	3
1	Dundee City Council	4
32	Perth and Kinross Council	43
0	Stirling Council	2
34	Other Entities and Individuals	61
<u>67</u>		<u>113</u>

15. GRANT INCOME

The Partnership received the following grants and contributions in 2013/14:

	2013/14 £000	2014/15 £000
Scottish Government	523	523
Constituent Authorities	114	92
	<u>637</u>	<u>615</u>

16. FINANCIAL INSTRUMENT BALANCES

Accounting regulations require that the "financial instruments" shown on the balance sheet be further analysed into various defined categories.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

Fair value of Financial Assets carried at Amortised cost (Less than 12 months)

	31 March 2014		31 March 2015	
	<i>Carrying Amount</i> £000	<i>Fair Value</i> £000	<i>Carrying Amount</i> £000	<i>Fair Value</i> £000
Cash	23	23	80	80
	<u>23</u>	<u>23</u>	<u>80</u>	<u>80</u>

Nature and extent of risks arising from Financial Instruments

The Partnership's activities expose it to a variety of financial risks:

- i. credit risk – the possibility that other parties might fail to pay amounts due to the Partnership;
- ii. liquidity risk – the possibility that the Partnership might not have funds available to meet its commitments to make payments;
- iii. market risk – the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rates.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Partnership's customers. The Partnership places deposits with the Royal Bank of Scotland and Perth and Kinross Council.

The following analysis summarises the Partnership's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Partnership expects full repayment on the due date of deposits placed with its counterparties.

	Amounts at 31 March 2015 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2015 %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and other financial institutions	80	0	0	0
Customers	25	0	0	0
Total	105	0	0	0

Debtors

The Partnership does not generally allow credit for customers, such that no amount of the balance is past its due date for payment. The level of debtors can be analysed by age as follows:

	31 March 2015 £000
Less than three months	25
Total	<u>25</u>

Liquidity Risk

The Partnership has deposits with both The Royal Bank of Scotland and Perth and Kinross Council, both of which are on-call with immediate access. Therefore, there is no significant risk that the Partnership will be unable to raise finance from these sources to meet its commitments under financial instruments.

17. AUTHORISATION OF ACCOUNTS

The Unaudited Annual Accounts were authorised for issue on the 16 June 2015.